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**Office of East Asian Analysis  
DIRECTORATE OF INTELLIGENCE**

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NOTE FOR: NIO for East Asia

Attached is our chronology on the  
Sino-Dutch relationship which you requested  
for NSC background.

  
Chief, China Division

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## MEMORANDUM

SUBJECT: Downgrading of Chinese Diplomatic Relations with the Netherlands

China apparently learned about the Dutch submarine deal with Taiwan in mid-November 1980. Chinese diplomats in the Hague issued a private "friendly warning" on the issue at that time, followed on 25 November by a warning to the Dutch ambassador in Beijing that the deal would harm relations. When these representations proved fruitless, China on 1 December cut short the visit to the Netherlands of its Vice Minister of Communications and broke off talks with the Dutch on their participation in Chinese port modernization. [REDACTED]

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China's first official protest occurred on 3 December, when Beijing warned the Dutch ambassador about "serious consequences" should the sale go through. China set forth its argument on Chinese sovereignty over Taiwan and complained that the Netherlands had failed to consult before deciding on the sale. Commentary in the Beijing press also previewed the later official contention that the sale violated the 1972 communique which had raised diplomatic relations to the ambassadorial level. [REDACTED]

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Throughout the next three months, the Chinese increased pressure on the Netherlands to reverse its decision. On 21 December Chinese officials implied that Beijing would retaliate economically. Press commentary subsequently made this threat explicit, as did Chinese lobbying within Dutch economic, political and cultural circles. [REDACTED]

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On 12 January 1981 the Chinese for the first time threatened to reduce diplomatic relations to the level of charges. This step was taken while the Dutch cabinet was reconsidering the sale. At the same time, the Chinese lobbied other EC states to urge the Hague to drop the submarine deal. [REDACTED]

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Following the Dutch cabinet's 17 January decision to proceed with the sale, China on 19 January officially announced its intentions to downgrade diplomatic relations to the charge d'affairs level. The Chinese note also called for negotiations concerning the reduction in relations--a move accompanied by

This memorandum was prepared by [REDACTED] Foreign Affairs Branch, China Division, Office of East Asian Analysis, Directorate of Intelligence. Comments and questions may be addressed to Chief, Foreign Affairs Branch, [REDACTED]

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Beijing's announcement that some contracts with Dutch firms would be cancelled. [REDACTED]

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Even so, neither side officially recalled their ambassador. The Chinese, who waited for the outcome of further debate in the Dutch parliament, made their next move on 27 February when they asked the Netherlands to remove its ambassador and announced that China was recalling its ambassador.\* Negotiations on downgrading began on 7 April. The Chinese, however, on 5 May unilaterally announced that they were reducing relations to the charge level of 1972 and demanded that the signs on each embassy building be changed to reflect the new situation. The Dutch complied on 11 May. [REDACTED]

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The effect of the submarine sale on Sino-Dutch economic relations is difficult to measure. Bilateral trade was declining in 1980; although trade fell some 8 percent in 1980, it dropped another 19 percent in 1981. The decline also occurred during a period of Chinese economic belt-tightening which affected the main sectors of Sino-Dutch trade. [REDACTED]

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In other areas, some Chinese shipping may have been diverted from Rotterdam to Antwerp, but there are no statistics available to measure this change. The Chinese also reportedly had decided to reduce the number of Chinese students in the Netherlands through attrition, although none were called home and arrangements were made to continue student exchange. In general Beijing was selective in its non-diplomatic retaliation, taking care not to damage its most important educational, economic and scientific interests. [REDACTED]

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\*The Chinese ambassador was already in Beijing, having returned in October 1980 for the visit of the Dutch Prime Minister to China. In the event, she never returned to her post. [REDACTED]

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CHRONOLOGY

1980

- 19 November            China issues low key warnings against the submarine sale.
- 25 November            Chinese Ministry of Foreign Affairs raises issue officially with the Dutch ambassador, warning him that the sale will harm Sino-Dutch relations.
- 1 December            Chinese Vice Minister of Communications cuts short his visit to the Netherlands by one day.
- 3 December            China issues official protest on the sale.
- 21 December           Chinese Ministry of Foreign Affairs spokesman implies China will retaliate economically.

1981

- 12 January            Chinese Ministry of Foreign Affairs threatens to downgrade diplomatic relations to the level of charge d'affairs and asks the EEC to exert pressure on China to reverse the decision to sell the submarines.
- 17 January            Dutch cabinet decides to proceed with the sale.
- 19 January            China officially downgrades relations to the charge level and proposes negotiations on the reduction in diplomatic relations.
- 20 February           Dutch cabinet again approves the sale.
- 27 February           Chinese tell Dutch ambassador to leave Beijing and recall their own ambassador. Chinese again call for negotiations on downgrading diplomatic relations.
- 5 March               Netherlands ambassador leaves China.
- 7 April               Sino-Dutch negotiations on downgrading relations begin in Beijing.
- 5 May                 Chinese note unilaterally downgrades relations to charge level of 1972 and demands signs on embassy buildings be changed accordingly.
- 11 May                Dutch agree to Chinese downgrading.

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